

will begin the next biennium with an estimated credit balance of \$163,158,791. It is a great asset to our State and must be spent wisely.

Following the adjournment of the 1965 General Assembly, one of my first actions was to call meetings of State department heads, community college presidents, and heads of our State-supported institutions of higher education. At these three meetings, we discussed ways and means of improving the administration of State Government. We stressed that the size, the scope and the diversity of State Government require that we utilize the best management and administrative skills available today. All agencies and institutions were urged to maintain careful budgeting, good planning, skilled employee relations, wise use of time and improved communications.

It was pointed out that dollars alone cannot define objectives and realistic goals. Dollars are primarily tools to be used wisely and productively. They may be described as input. Results are output — and this is what really counts. The follow-up by State agencies and the Department of Administration has paid off. In my opinion, these efforts have contributed to the substantial General Fund credit balance which now exists. In turn, this has helped make possible my recommended tax relief proposal to be outlined in this message.

THE PUBLIC SCHOOL SYSTEM

We recommend a total of \$784,335,354 (including retirement, social security and debt service) in General Fund appropriations for the public school system during the next biennium. This is an increase of \$130,494,390, or 19.96 per cent over comparable expenditures for 1965-67. This is the largest appropriation of General Fund tax dollars for the public schools ever presented to a General Assembly of North Carolina. It will meet the major needs of our public schools.

In my Legislative Message, I outlined my major program recommendations for the public school system. Here are the appropriations required to effect these recommendations:

1. Salary increases for public school teachers and teachers of vocational education — \$63,754,565.

2. Salary increases for principals, superintendents, assistant superintendents, supervisors, and other public school personnel — \$6,291,826.

3. Elimination of present \$5 text book fee required for high school students — \$3,283,495. Combined with the action of the 1965 General Assembly, this will provide North Carolina with completely free text books for all public school students.

4. More and better text books for elementary students — \$2,800,000.

5. Research funds for the Board of Education so that a thorough study can be made on the feasibility of public kindergartens — \$400,000.